

Message Text

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ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /098 W

-----190353Z 082235 /63

R 181619Z JAN 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 769

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E.O. 11652: N/A

TAGS: ENRG, EG, US

SUBJECT: INCREASED PRICES FOR EGYPTIAN CRUDE LIKELY

1. AMOCO/EGYPT OIL COMPANY HAS INFORMED US THAT EGGYPTIAN GENERAL PETROLEUM CORPORATION (EGPC) HAS ASKED FOR MEETING ON JANUARY 20 TO TALK ABOUT INCREASES IN PRICE OF EGYPT'S CRUDE OIL WHICH IS AVAILABLE FOR EXPORT. WHILE EGYPT IS NOT OPEC MEMBER (IT IS OAPEC MEMBER), IT GENERALLY FOLLOWS OPEC DECISIONS ON OIL PRICE AND RECENT OPEC PRICE INCREASE IS REASON FOR OPENING OF DISCUSSIONS WITH AMOCO AT THIS TIME.

2. EGYPT CURRENTLY EXPORTS ONLY ABOUT 90,000 BPD CRUDE OIL OF ITS 320,000 BPD PRODUCTION. AMOCO IS LARGEST CONSUMER OF THIS EXPORTED CRUDE; MOST OTHER CUSTOMERS TAKE SMALL AMOUNTS MAINLY AS PART OF BILATERAL TRADE AGREEMENTS. WHATEVER PRICE INCREASE IS NEGOTIATED WITH AMOCO WILL UNDOUBTEDLY SHOW UP LATER IN VARIOUS 1977 TRADE AGREEMENTS.

3. EGYPTIAN CRUDE, ALL OF WHICH IS IN HEAVY RANGE (27-32 DEGREES API) AND WHICH HAS HIGH SUPLHUR CONTENT,
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CURRENTLY IS SELLING TO AMOCO AND OTHER INTERNATIONAL CUSTOMERS FOR ABOUT \$10.30 TO \$10.60 PER BARREL.

AMOCO EXPECTS EGYPTIANS WILL REQUEST 10 PER CENT PRICE INCREASE: AMOCO WILL PROBABLY OFFER 5 PERCENT AND EXPECTS ACTUAL INCREASE TO BE ABOUT 7.5 TO 8 PERCENT.

4. COMMENT: EGYPTIANS WILL NO DOUBT BE NEGOTIATING HARD

FOR FULL TEN PERCENT INCREASE IN LIGHT OF THEIR
DESPERATE NEED FOR HARD CURRENCY. IN THIS REGARD,
PRICE INCREASE COMES AT TIME WHEN OIL PRODUCTION AND
HENCE EXPORTS ARE INCREASING, THUS ADDING ADDITIONAL
NINCENTIVE TO MAXIMIZE PRICE INCREASES. ESTIMATES ARE
FOR INCREASE FROM 320,000 TO 400,000 BPD PRODUCTION
IN 1977 WITH MOST OF INCREASE TO BE EXPORTED.
MATTHEWS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, EXPORTS, PRICES
Control Number: n/a
Copy: SINGLE
Sent Date: 18-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO01025
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Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770019-0282
Format: TEL
From: CAIRO
Handling Restrictions: n/a
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ISecure: 1
Legacy Key: link1977/newtext/t19770143/aaaableu.tel
Line Count: 70
Litigation Code IDs:
Litigation Codes:
Litigation History:
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Previous Handling Restrictions: n/a
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Review Content Flags:
Review Date: 24-Jan-2005 12:00:00 am
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3575555
Secure: OPEN
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Subject: INCREASED PRICES FOR EGYPTIAN CRUDE LIKELY
TAGS: ENRG, EG, US
To: STATE
Type: TE
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